



Technology and Telemarketing:

How technology that enables call centers to comply with the new FTC rule will make the industry more accountable, consumer friendly and efficient



Telemarketing is the Dr. Jeckyl/Mr. Hyde of direct marketing. An essential part of business and the economy, telemarketing calls can be infuriating and annoying when, as consumers, we want to be left alone.

Telemarketing is a critical marketing tool for just about every type of enterprise – from the local auto dealer or mechanic to the nationally well-known corporation or charitable organization. Call centers employ more than six million workers and generate more than \$660 billion in sales – about six percent of U.S. gross domestic product. And, despite certain negative aspects, telemarketing is the single most effective direct marketing sales medium. This practice frees individuals from having to personally visit every establishment with which they transact business. Companies rely on telemarketing to get information to consumers in any place and at any time. Moreover, it provides flexible employment for many populations in need -- including minorities, elderly, working mothers, students, part-time workers and persons with disabilities.

As is the case with any powerful tool telemarketing can be bothersome and intrusive when misused. There are even some within the industry who engage in clearly abusive business practices through harassment, misinformation, and in some cases, outright deception of American consumers. Congress has estimated that fraudulent telemarketers cheat consumers out of billions of dollars each year.

The Congress and FTC have promoted more stringent guidelines to balance the rights of consumers and businesses. Castel, a Massachusetts-based call management company, has technology that will enable call centers to comply with these new regulations and make the industry more accountable, consumer-friendly and efficient.

New Telemarketing Legislation

The Congress and the FTC recently revised the Telemarketing Sales Rule (TSR), which was first enacted in 1995. The most debated and publicized element of the new TSR rules is the establishment of a federal “do not call” registry. While the industry has a well-founded fear that the “do not call” list will erect a barrier to both unwanted and wanted calls, the amendment includes additional rules that provide real and positive benefits to the consumer.

New TSR legislation includes:



1. **Positive and meaningful call identification** – Many telemarketers fail to provide the appropriate “calling party” identification to those consumers who have Caller ID services. This means that consumers do not have the opportunity to decide based on the Caller ID name and/or number whether to accept a call from a telemarketer. The FTC rule states that a meaningful caller identification must be presented to the called party.
2. **Reduction of “dead air”** – Automated dialing systems use a variety of methods to determine if a called party has answered the telephone. Most systems use technologies that “electronically listen” to see if there is a voice on the line. The drawback of this approach is that when the device is “listening” to determine if the called party has answered, the called party hears nothing for approximately two to five seconds. These seconds of silence are known as the infamous “dead air.” However, this long silent pause is ultimately a hallmark of antiquated automated dialing system technologies. Today’s FTC amended rule states that the “dead air” interval cannot exceed two seconds.
3. **Minimization of abandoned calls** – Many telemarketers use an automated dialing system to place more calls than there are actual agents available, with the anticipation that a number of calls will not be answered. Analogous to placing incoming callers into a queue and playing a message until an agent is available, some outbound telemarketers will do the same or will simply disconnect the call if no agent is available. The amended FTC rule states that a call must be left ringing for at least 15 seconds prior to disconnecting the call and that the number of callers who are not connected to an agent or meaningful announcement within two seconds must be less than three percent of the total calls answered.

The Need for Continued Government Action and Industry Improvement

The outbound telemarketing industry is not simply nuisance calls at dinnertime. It includes retailers calling customers to let them know that their merchandise is in stock and will be delivered; doctors reminding their patients to come in for appointments; and customer satisfaction surveys about the car repair that was completed last week.

These calls, and the large portion of outreach calls, are of major, positive benefit to consumers.

To preserve these positive benefits, the legislative and administrative rules are meant to balance a called party's right to privacy with the calling party's right of free speech. TSR provisions such as the "do not call" registry, meaningful Caller ID, reduction of "dead air" and lower abandoned call rates are important initiatives that will require constant review by the FTC and Congress.



The outbound telemarketing industry is a service-based economy. Telemarketing agencies, or service bureaus, place calls on behalf of their clients. Those clients, as well as the consumers who are receiving the calls, have a right to know that they are being represented in a fair and consistent manner. When it became clear that automobile pollution was creating problems to everyone, the government enacted a consistent set of guidelines for the entire auto industry to follow. Those actions, contrary to the prevailing industry beliefs at the time, did not eliminate the automobile industry. Instead, they brought about a better product for the consumer and a strengthened industry as a whole.

Equally, the telemarketing industry has a responsibility to its clients and to the parties it calls to provide the highest quality service possible. This is not only a good business practice but will also generate a higher return yield on calls placed.

The Bush Administration and Congress must insist on stringent and verifiable compliance with these new federal and state guidelines in order to protect consumers' convenience and privacy.

Many State Laws Stricter than TSR

In addition to FTC regulations, various states also have specific rules. Recently, California passed SB 771 and AB 870 – measures that contain even stricter provisions on "dead air" and abandoned calls than called for by the FTC. More than half the states have passed "do not call" lists and Caller ID provisions.

Oklahoma and Kansas currently have laws regarding predictive dialers that restrict abandoned call rates and "dead air" time. California, Oklahoma and Kansas have specific requirements regarding the use of automated dialing equipment. Thirty-two states have "do not call" lists.

Many states currently ban the blocking of caller identification by telemarketing agencies including:

Arizona	Illinois	Michigan	Tennessee
Arkansas	Kansas	Montana	Texas
Georgia	Kentucky	New Hampshire	Utah
Indiana	Louisiana	New York	
Idaho	Maryland	Oklahoma	

These states require companies to provide meaningful identification showing customers which company is behind every call.

Many telemarketers have claimed that the cost of complying with these provisions is prohibitive. Some have even claimed that it is not technologically possible to meet the new FTC guidelines. This is simply not the case.

New technologies developed in the private sector allow call centers to meet and even exceed these new standards. Moreover, they enable reporting mechanisms that will allow call centers to easily report compliance to regulatory authorities.



Castel's DirectQuest: A Private-Sector Solution to a Public-Sector Problem

Today, nearly every telemarketer in the world uses some form of Digital Signal Processing (DSP) technology for managing telephone calls. However, the DSP technology cannot address any of the consumer frustrations such as “dead-air,” unknown Caller ID and a high rate of abandoned calls. Castel's call management technology, DirectQuest™, is non-DSP based, enabling call center operators to comply with the new federal and state telemarketing regulations while drastically reducing the annoyance attributed to telemarketing.

Castel's direct network signaling technology eliminates the annoyance of “dead-air,” abandoned calls and unidentifiable Caller ID. This allows Castel's customers to comply easily and completely with existing and newly proposed regulations.

Making Telemarketing More Accountable: Enabling Accurate Caller ID

The Challenge: For telemarketing operators, a single Caller ID does not allow them to provide Caller ID for multiple clients or third party call centers. As a result, they typically do not provide any call identification information. The challenge for consumers comes when they cannot use their Caller ID systems to identify the caller. FTC legislation asserts that the public interest is not served if customers do not know the business intent of the call and that all call centers should provide consumers with “meaningful” Caller ID.

Another issue is that collection agencies, for privacy reasons, need to be careful about what Caller ID information they are providing. Ideally, they would like to identify the client e.g. – Mastercard, for whom they are calling, rather than ACME Collections and Recovery Service or “unknown caller.”

The Solution: Castel's direct network signaling technology communicates Caller ID information directly to the network as each call is initiated, so that call centers have the ability to select a different Caller ID as needed on a call-by-call basis. In this way, the called party always knows who is represented on the line, and the calling agency is providing necessary and lawful transparency.



Making Telemarketing More Consumer-Friendly: Eliminating “Dead Air”

The Challenge: One of the biggest problems in outbound dialing today is the use of DSP technology to listen for the “hello” voice signal – effectively placing an “electronic stethoscope” on the telephone line. The DSP attempts to distinguish spoken voice from rings, busy signals and other “noise” on the telephone line. DSP technology faces two major hurdles – noise on the telephone line that causes “false positive” readings and insufficient voice energy that causes “false negative” readings. Together, these will reduce the accuracy of DSP analysis to an 85 to 95 percent range. To compensate for this, DSP dialers count “ring cycles” and listen for an absence of the next ring in an attempt to determine if a call has been answered. This process will diagnose a ring in two to eight seconds - or five seconds on average. This silence is the “dead air” that the consumer hears. Psychology studies show that we expect to hear someone answer us within one second after saying “hello” on the telephone. Five seconds of silence is an incredible annoyance. The called party, clearly annoyed by the “dead air” hangs up – or worse, berates the representative who is finally connected to the call.

The Solution: Castel’s DirectQuest™ prevents this delay and offers 100 percent answer certainty. With Castel’s network signaling technology, a message is received the moment the called party lifts the phone from its receiver. As the party lifts the receiver to his or her ear preparing to say “hello,” Castel has routed the live call to an agent – all in well under one second. In addition, when the call is completed and the called party hangs up, the Castel system receives the disconnect message from the telephone network’s central office and immediately disconnects the call. For call centers, this translates into hard-dollar savings because the telephone usage is billed by the second. For consumers, this translates to the elimination of “dead air.”

Making Telemarketing More Productive: Reducing Abandoned Calls

The Challenge: Existing dialers base their call placement rate on a fixed ratio provided by call center managers - e.g. place two or three (or more) calls for every agent. While this practice maximizes the ability of a contact center to always have agents talking to live callers, the downfall is that when those agents are all at capacity, the system is still contacting live callers who are put on hold or in many cases hung up on or “abandoned.” The majority of the time, the called party who is put on hold simply hangs up. The result is that the call center is billed for this call, the consumer is angry and not only is there no sale, but the consumer is biased against all telemarketing because they cannot identify who just called them.

The Castel Solution: Castel’s technology virtually eliminates abandoned calls. Combined with the ability to provide meaningful identification and instantaneous answer detection is Castel’s “heuristic” call placement algorithm which automatically adjusts calling rates to ensure that there is an agent available for every answered call. The Castel software monitors, on a campaign by campaign basis, the answer rate and the time agents spend on calls. If the answer rate for a campaign changes while the

campaign is being processed, or if agents need to spend more or less time on calls, the Castel software changes the number of calls being placed in real time.

All of this translates to what telephone solicitation and communication is “supposed to” provide a called party experience where person-to-person communication can occur without “machine induced” annoyance and where the called party feels that he or she is a name not a number.

Serving the Public Good



While many operators of teleservices companies have complained bitterly about government interference and constitutionally protected free speech, the reality is that the use of older dialing technologies is bad business for telemarketers and consumers. Castel estimates that between 60 and 70 percent of consumers hang up when they encounter the “dead air” associated with most dialing technologies. That hang-up could have been a call to inform them that an order is ready at their department store, or that their medical test results were fine or that their credit card company was willing to reduce their interest rate. But the consumer never finds that out because predictive dialing technology has created too great of an annoyance.

Castel’s DirectQuest™ technology can also be brought to bear in many areas in the public interest. At the federal, state and even municipal level, it is sometimes important to provide certain members of the public with information or inform them of an urgent situation. Whether to contact first-alert responders, to discreetly inform the public of a public safety issue, to declare a “snow day” at school or work or any number of other applications, automated dialing technologies can provide powerful tools to “narrowcast” information. It can ensure that the right message gets to the right people at the right time without broadcast communications being employed. As such, whether for public health, homeland security, military or police activity, or a host of other applications, Castel’s technology can be employed for the public good.

Summary

Telemarketing need not be the pariah of the sales industry. It can be an effective, civil and responsible way for businesses and others to develop and maintain relationships. And it can be a non-intrusive way for consumers to get information about new products and services.

Many of the new regulations from the FTC and proposed actions by the FCC address those issues. The technology is available for full and immediate compliance.